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NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.

Independent Auditor's Report and Financial Statements
As of December 31, 2013 and 2012 And For the Years Then Ended

Deemer CPA and Consulting Services, LLC

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 26 2014

New Orleans South African Connection, Inc.
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INDEPENDENT AUDITORS' REPORT

To the Board of Director's of
New Orleans South African Connection, Inc.
New Orleans, Louisiana

I have audited the accompanying financial statements of New Orleans South African Connection, Inc. (NOSACONN, a non-profit) which comprise of the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans South African Connection, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

In accordance with Government Auditing Standards, I have also issued my report dated September 17, 2014, on my consideration of New Orleans South African Connection's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Deemer CPA and Consulting Services, LLC
September 17, 2014

NEW ORLEANS SOUTH AFRICAN CONNECTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,792	\$ -
Grants receivable	<u>143,807</u>	<u>109,709</u>
Total current assets	147,599	109,709
PROPERTY AND EQUIPMENT		
Property and equipment	118,666	118,666
Less: Accumulated depreciation	<u>(116,974)</u>	<u>(93,321)</u>
Total Property and equipment	1,692	25,345
OTHER ASSETS		
Other Assets	-	3,322
Intellectual Property	<u>98,800</u>	<u>98,800</u>
TOTAL ASSETS	<u><u>\$ 248,091</u></u>	<u><u>\$ 237,176</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 122,962	\$ 121,608
Line of credit	93,553	84,997
Current portion of notes payable	<u>63,384</u>	<u>27,738</u>
Total current liabilities	279,899	234,343
LONG TERM LIABILITIES		
Notes Payable	<u>164,038</u>	<u>6,371</u>
Total long term liabilities	164,038	6,371
NET ASSETS		
Unrestricted net assets	<u>(195,846)</u>	<u>(3,538)</u>
Total unrestricted net assets	(195,846)	(3,538)
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 248,091</u></u>	<u><u>\$ 237,176</u></u>

See accompanying independent auditors' report and notes to the financial statements.

NEW ORLEANS SOUTH AFRICAN CONNECTIONS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS		
Unrestricted revenue and gains		
Contributions		
Government grants	\$ 608,712	\$ 982,534
Individuals	-	5,000
Foundations	294,577	171,912
Miscellaneous	<u>22,119</u>	<u>24,009</u>
Total unrestricted revenue and other support	925,408	1,183,455
EXPENSES		
Program services	546,180	924,073
Supporting services	<u>571,536</u>	<u>248,077</u>
	<u>1,117,716</u>	<u>1,172,150</u>
INCREASE/(DECREASE) IN UNRESTRICTED NET ASSETS	(192,308)	11,305
NET ASSETS - Beginning of year	<u>(3,538)</u>	<u>(14,843)</u>
NET ASSETS - End of year	<u>\$ (195,846)</u>	<u>\$ (3,538)</u>

See accompanying independent auditors' report and notes to the financial statements.

**NEW ORLEANS SOUTH AFRICAN CONNECTIONS, INC. STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (192,308)	\$ 11,305
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	23,653	23,653
Changes in operating assets and liabilities:		
Grants receivable	(34,098)	(14,806)
Other Assets	3,322	(943)
Accounts payable	1,354	4,762
Net cash (used in) provided by operating activities	(198,077)	23,971
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	-
Acquisitions of Intellectual property	-	-
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	8,556	997
Repayment of long-term debt	193,313	(27,914)
Net cash used in financing activities	201,869	(26,917)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,792	(2,946)
CASH AND CASH EQUIVALENTS - Beginning of year	-	2,946
CASH AND CASH EQUIVALENTS - End of year	\$ 3,792	\$ -

See accompanying independent auditors' report and notes to the financial statements.

New Orleans South African Connection, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. Summary of Significant Accounting Policies

General: New Orleans South African Connection, Inc. (NOSACONN, a non-profit corporation) was established in 1998. The organization is comprised of business, civic, community and entertainment industry leaders, both in New Orleans and in the Republic of South Africa. NOSACONN's unique partnership has allowed them to produce special events in the City of New Orleans and the Republic of South Africa, simultaneously for the past four years. These activities have allowed NOSACONN to serve as pioneers of presenting art, culture and tourism as the forefront of economic development.

NOSACONN has recognized the field of arts, culture and education on a local, regional and international level as a tremendous networking tool for job creation, tourism, and self-empowerment. It has also served as a incubator for economic sustainability.

Basis of Presentation -Financial statement presentation follows the recommendations of the FASB ASC 958-210 formerly (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-210, the Agency may report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting -NOSACONN's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Property and Equipment - Improvements which significantly extend the useful life of an asset and purchases of buildings, land, and equipment are capitalized. The straight line method of depreciation is used for the assets owned by NOSACONN. The estimated useful lives of these assets range from 3 to 40 years.

Income Taxes -NOSACONN has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Use of Estimates- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses -The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, program and support service expenses are specifically identified with or allocated to the Agency's various functions. Expenses requiring allocation include services provided by the Agency's management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage of time or actual usage.

Cash - Cash is comprised of cash on hand and in banks.

2. **Net Assets** -A description of the three types of Net Assets categories is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions. The revenues received by NOSACONN and expenses incurred are included in this category. NOSACONN has restructured its management team including adding two new strategically important positions, Chief Financial Officer and Chief Operating Officer, to establish necessary financial and organizational management controls and budgeting. These measures along with an annual fund raising campaign, working out payment settlements, and engaging in a process to seek capital investments is their plan for decreasing the agency's large deficit balance.

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2013 and 2012, NOSACONN had unrestricted restricted net assets.

3. **Grant Receivable** -Grant receivable consists of several outstanding payments from the U.S. Department of Education program grant which totaled \$ 143,807.00 as of December 31, 2013 and \$ 109,709.00 as of December 31, 2012. These amounts are deemed collectible as such, there has been no adjustment made to an allowance for doubtful accounts.

4. **Economic Dependency** -New Orleans South African Connection, Inc. receives its funding from government grants. The continuance of this program is dependent upon the agency's ability to gain renewal of contracts and grants as well as to obtain new funding for operations and debt service.

5. **Board of Directors Compensation** -The board of directors operates on a voluntary basis, as such there were no payments made to any board member during the years ended December 31, 2013 and 2012 for services.

6. **Intellectual Property** - In conjunction with its' youth education program, NOSACONN uses intellectual property contained within the Education Workshops Video Archives ("program content"). Absent expressed written consent, NOSACONN is not authorized to sell, alienate, or encumber program content. As of December 31, 2013 and 2012, NOSACONN had \$98,800 in intellectual property.

7. Property and Equipment - Property, plant, and equipment and depreciation are as follows as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Furniture and Equipment	\$118,666	\$118,666
Less: Accumulated Depreciation	<u>(116,974)</u>	<u>(93,321)</u>
Total Property and Equipment	<u>\$ 1,692</u>	<u>\$ 25,345</u>

8. Notes Payable - NOSACONN has the following outstanding debt at December 31, 2013:

	<u>Date of Note</u>	<u>Int. Rate</u>	<u>Maturity Date</u>	<u>Orig. Amt.</u>	<u>Unpaid Bal.</u>
New Corp, Inc.	6/30/09	5%	7/24/16	14,718	8,451
Liquid Capital	10/01/13	flat fee	4/01/17	278,097	218,971

The maturity of the long-term debt is as follows:

<u>Year</u>	<u>Amount</u>
2014	\$63,384
2015	63,288
2016	61,779
2017	38,971
Total	<u>\$227,422</u>

NOSACONN has two lines of credit at December 31, 2013 as follows:

Liberty Bank	3/01/13	9%	ann. renewal	50,000	44,320
Capital One	6/10/13	7.75%	ann. renewal	50,000	49,233
			Total		<u>\$93,553</u>

Interest expense for the long-term debt was \$7,326 at December 31, 2013, and \$3,426 at December 31, 2012. Finance fees associated with the Liquid Capital Note Payable totaled \$88,088 for the year ended December 31, 2013.

9. Contingencies - As of December 31, 2013, there were matters relating to questioned costs in the amount of \$61,545.85, as referenced in 13-3 on the schedule of findings and questioned costs.

10. Concentration of Credit Risk - Financial instruments that potentially subject the Agency to credit risk consist principally of cash at financial institutions and grants/contracts receivable. Demand deposits, as reflected in the banks' records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2013 and 2012 deposits did not exceed FDIC limits.

11. Subsequent Events - The Organization has evaluated subsequent events through September 17, 2014, the date which the financial statements were available for distribution, concluding there were no events requiring disclosure.

SUPPLEMENTAL INFORMATION

**NEW ORLEANS SOUTH AFRICAN CONNECTIONS, INC. STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013			2012		
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
Contract labor	\$ 438,278	\$ 265,397	\$ 703,675	\$ 697,118	\$ 75,262	\$ 772,380
Professional fees	39,664	54,658	94,322	99,574	10,142	109,716
Advertising	200	13,450	13,650	29,139	14,443	43,582
Travel and travel expenses	38,411	41,195	79,606	65,491	20,532	86,023
Office expenses	10,898	21,164	32,062	13,627	29,931	43,558
Equipment rental and maintenance expenses	9,787	5,112	14,899	1,744	24,457	26,201
Event Expenses	8,942	31,387	40,329	12,570	44,722	57,292
Insurance expense	-	15,764	15,764	2,552	630	3,182
Utilities	-	3,036	3,036	2,258	503	2,761
Depreciation	-	23,653	23,653	-	23,653	23,653
Finance Charges	-	88,088	88,088	-	-	-
Interest expense	-	7,326	7,326	-	3,426	3,426
Miscellaneous	-	1,306	1,306	-	376	376
Total expenses	\$ 546,180	\$ 571,536	\$ 1,117,716	\$ 924,073	\$ 248,077	\$ 1,172,150

See accompanying independent auditors' report and notes to the financial statements.

NEW ORLEANS SOUTH AFRICAN CONNECTION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
Pass-through programs from:			
U.S. Department of Education			
Passed through - Louisiana Department of Education			
21st Century Community Learning Centers	84.186	28-12-73-5B	\$ 130,970
21st Century Community Learning Centers	84.186	28-13-77-5B	207,820
21st Century Community Learning Centers	84.186	28-15-8C-5B	207,390
			<u>546,180</u>
Total expenditures of federal awards			<u>\$ 546,180</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation - This schedule includes the federal grant activity of New Orleans South African Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Accrued Reimbursement - Various reimbursement procedures are used for federal awards received by the Organization. Consequently, timing differences between expenditures and program reimbursements may exist at the end of the year.

See accompanying Independent auditor's report and notes to the financial statements.



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**Independent Auditors' Report On Internal Control
Over Financial Reporting And On Compliance
And Other Matters
Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards**

Board of Directors
New Orleans South African Connection, Inc.
New Orleans, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of NOSACONN (a non-profit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued my report thereon dated September 17, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered NOSACONN's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NOSACONN's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. During my audit I identified items 13-02 and 13-03 as shown in the schedule of findings and questioned costs to be deficiencies in internal control that I consider to be material weaknesses. However, additional material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NOSACONN's financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed three instances of noncompliance or other matters that is required to be reported under Government Auditing Standards. The instances of noncompliance are noted as 13-01, 13-02, 13-03, and 13-04 in the schedule of findings and questioned costs.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Deemer CPA and Consulting Services, LLC
September 17, 2014



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**Independent Auditor's Report
On Compliance For Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133**

Board of Directors
New Orleans South African Connection, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

I have audited NOSACONN's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on NOSACONN's major federal program for the years ended December 31, 2013 and 2012. NOSACONN's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of NOSACONN's major federal program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 required that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NOSACONN's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of NOSACONN's compliance.

Qualified Opinion on The U.S. Department of Education Program.

In my opinion, except for items 13-02 and 13-03 shown in the schedule of findings and questioned costs, NOSACONN complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the U.S. Department of Education Program for the year ended December 31, 2013.

Other Matters

NOSACONN's response to the noncompliance finding identified in my audit is described in the accompanying schedule of findings and questioned costs. NOSACONN's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

Management of NOSACONN is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered NOSACONN's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate to the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance, in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of NOSACONN's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did identify deficiencies in internal control over compliance that I consider material weaknesses as noted in the schedule of findings and questioned costs 13-02, and 13-03. However, additional material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Deemer CPA and Consulting Services, LLC
September 17, 2014

**New Orleans South African Connection, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013**

I have audited the financial statements of New Orleans South African Connection, Inc. as of and for the year ended December 31, 2013, and have issued my report thereon dated September 17, 2014. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. I have summarized my audit of the financial statements as of December 31, 2013 and 2012.

1. Summary of Auditor's Results

- A. Control Deficiencies were disclosed by the audit of the financial statements: **Yes**
Material Weaknesses: **Yes**
- B. Noncompliance which is material to the financial statements: **No**
- C. Control Deficiencies over major programs: **Yes**
Material Weaknesses: **Yes**
- D. The type of report issued on compliance for major programs: **Qualified Opinion**
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **No**
- F. Major program: 21st Century Grant, U.S. Department of Education, **CFDA Number 84.186.**
- G. Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- H. Auditee qualified as a low-risk audited under section 530 of OMB Circular A-133: **No**

**New Orleans South African Connection, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013**

13-01 Late Reporting

Criteria: The State of Louisiana audit law requires that the agency complete its audit within six months following their fiscal year end.

Condition: The agency did not complete their financial statements in a timely manner.

Cause: The agency did not perform its yearly close-out in a timely manner.

Effect: The agency's financial report was not submitted timely to the State of Louisiana Legislative Auditor's office.

Recommendation: It is recommended that the agency maintain monthly financial statements to ensure completion of year-end financial statements in a timely manner.

13-02 Incomplete, Untimely, and Un-reconciled Financial Statements

Criteria: Financial statements should be completed and reconciled on a monthly basis. Additionally, at the end of each fiscal year, the statements should be reviewed for required year-end adjustments and/or reclassifications.

Condition: Bank accounts remain un-reconciled for the year ended December 31, 2013.

Cause: The agency does not maintain monthly financial statements throughout the year. They begin to focus on the financial statements during audit requests.

Effect: Without detailed, reconciled financial statements maintained in a timely manner, the financial condition of an organization is indeterminable throughout the year. It also delays audit completion since the financial statements have to be reconciled and completed for twelve months at year end.

Recommendation: It is recommended that NOSACONN's management require and review reconciled financial statements each month.

13-03 Cost Reimbursement Requests

Questioned Costs: \$ 61,545.85

Criteria: Cost Reimbursement Requests should include requests for payment of expenditures made by the agency.

Condition: During testwork of expenses included in cost reimbursement requests, I noted several checks that were included in the request which never cleared the agency's bank accounts.

Cause: The agency provided checks to the State as support for expenditures but they were never given to the respective vendors.

Effect: It appears that reimbursements have been made to the agency for costs not incurred and or paid.

Recommendation: Cost reimbursement requests should be made for costs incurred and paid.

13-04 Accounts Payable

Criteria: An audit trail should be maintained for all account balances to include supporting documentation.

Condition: During the audit, I requested supporting documentation for the funds provided to the agency from the Executive Director. It was not provided.

Cause: Approximately \$53,064 included in Accounts Payable related to the Executive Director was not supported.

Effect: The accounts payable balance was not fully supported.

Recommendation: Management must maintain supporting documentation for all account balances.

New Orleans South African Connection, Inc.
Status of Prior Year Findings
For the Year Ended December 31, 2013

2011-01 Lack of Timely Preparation of Financial Statements UNRESOLVED
NOSACONN was unable to make the appropriate adjustments in 2012 to become more efficient in their reporting to the required bodies within the appropriate timelines.

12-01 Late Reporting

UNRESOLVED



**New Orleans South African Connection, Inc.
Corrective Action Plan – Audit Findings
December 31, 2013**

Based on the findings presented in the December 31, 2013 audit report, New Orleans South African Connection, Inc. (the Organization) has provided the following responses and Corrective Action Plan in order to remedy these findings:

13-01 Late Reporting

Management Comments: The Independent Auditors noted that the Organization did not complete their financial statements in a timely manner resulting in not performing our yearly close-out in a timely manner.

Proposed Corrective Action: The organization has hired a complete executive team, including a Chief Financial Officer (CFO) to assist with maintaining the financials on a monthly basis to ensure that the Organization meets all future required time lines.

Anticipated Completion Date: December 31, 2014

13-02 Incomplete, Untimely, and Un-reconciled Financial Statements

Management Comments: The Independent Auditors noted that the Organization did not close and reconcile their financial statements in a timely manner resulting in untimely completion of the closeout process and delays in the audit process.

Proposed Corrective Action: The organization has hired a complete executive team, including a CFO to assist with maintaining the financials on a monthly basis to ensure that the Organization closes out their monthly financial statements in a reasonable time frame.

Anticipated Completion Date: December 31, 2014

13-03 Cost Reimbursement Requests

Management Comments: The Independent Auditors indicated that the Organization had several checks that were included in the reimbursement requests that never cleared the agency's bank accounts.

Proposed Corrective Action: Due to problems with funding, in several of the above mentioned incidences the organization was required to reissue separate checks and void the check numbers that were approved; therefore, the check number sequences were not an exact match to that in the reimbursement requests submitted.

Additionally, the organization has placed a lot of time and effort into strengthening their relationship with the 21st Century Learning Centers, and continue to work on these efforts, in order to expedite and clear-up any previous reimbursement problems.

Anticipated Completion Date: December 31, 2014

13-04 Accounts Payable

Management Comments: The Independent Auditors noted that the Organization did not have the appropriate audit trail as it relates to the balance due to the Executive Director and the amount of funds the Executive Director provided to the Organization in order to maintain the programs.

Proposed Corrective Action: The organization has hired a complete executive team, including a CFO to assist with maintaining the financials and all required audit trails with appropriate supporting documentation.

Anticipated Completion Date: December 31, 2014